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NEWS RELEASE

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SOCIAL SECURITY COMMISSION SAYS PRIVATIZATION REQUIRES BENEFIT CUTS OR MASSIVE REVENUE INCREASES

WASHINGTON, D.C. – Today Congressman Robert T. Matsui (D-CA), Ranking Member of the Social Security Subcommittee of the House Ways and Means Committee, joined experts on Social Security reform in reaction to the recommendations approved today by the President's Commission on Social Security. The Commission released its final report in draft form on Tuesday.

"The President mandated that the Commission propose a complete plan that would carve private accounts out of Social Security without raising taxes or cutting benefits. Today, based on their report, we have evidence that it cannot be done," said Matsui. "The Commissioners' final report calls for unspecified revenues to finance their plans. The Commission's shell game only underscores the fundamental point that privatization makes solving Social Security's long term challenges more difficult."

The Commission released a menu of options for Social Security reform, none of which is solvent without large infusions of revenues that do not exist at this time. Each of the options is predicated on a willingness to divert funding from Social Security to finance some form of privatization scheme. In order to finance the proposed accounts, all of the options rely on significant benefit cuts, raising the retirement age, or reducing retirees' standard of living. However, even after cutting Social Security benefits, none of the Commission's plans will solve Social Security's financing challenges. In fact, privatization compounds the problem by removing money from the system.

"Setting up a Commission with a predetermined outcome was never an appropriate way to begin a meaningful discussion on this issue," said Matsui. "Yes, people should be encouraged to save more for retirement. Yes, the system will need reform in order to remain successful in the longer term. But none of that necessitates the slash and burn approach we have seen in the Commission's work. Dismantling Social Security to please Wall Street is wrong. Only through a truly bipartisan approach to reform – in the public forum and open to debate – can we move forward."

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